



# FINANCIAL INSTITUTIONS TODAY

News and topics of interest to financial institutions regulated by the Department of Banking and Finance

Monthly Bulletin #6

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## Board of Directors: The Importance of Planning *(part 3 of a series)*

*"In preparing for battle I have always found that plans are useless, but planning is indispensable."*

Dwight D. Eisenhower

In the April 2011 Bulletin article titled "**Board of Directors: The Essential Roles of Governance and Oversight**", we identified four key areas of responsibility for a financial institution board of directors. The second of those four responsibilities was: "Establish strategic direction for the financial institution." The quote listed above from Dwight D. Eisenhower, Supreme Commander of the Allied Forces in Europe during World War II, United States Army Chief of Staff, Commander in Chief of NATO forces, and 34<sup>th</sup> President of the United States, illustrates the importance of preparation and planning as a cornerstone of any successful endeavor. The more complex the endeavor, the more essential planning becomes not only in identification of the desired outcome but the strategies to best achieve that desired outcome. Perhaps most importantly, effective planning involves identification of potential impediments and contingencies that may arise to disrupt achievement of that desired outcome. As the quote implies, plans become stale the moment that they are finalized while events unfold and circumstances change, but effective planning should be dynamic and iterative with frequent evaluation of results against expectations, reconsideration of strategies, revalidation of desired outcomes in light of the changing environment, and reassessment of impediments and contingencies.

Consider the changing regulatory and competitive landscape that Georgia's financial institutions currently face under extensive rule writing mandated by the Dodd-Frank Act, high levels of unemployment, depressed real estate values, and the local impact of unrest in European markets. When developing your financial institution's 3 to 5 year strategic plan in 2005, did it anticipate and factor in events that unfolded during the subprime meltdown and ripple effects that led to major dislocations and disruptions in financial markets which occurred during 2007 and 2008? If so, yours was one of the very few because none of us has perfect foresight and circumstances changes as events materialize and unfold. An effective and dynamic planning process captures these material events and evaluates their impact on strategies prompting recalibration or outright change for the purpose of keeping the financial institution and all of its personnel focused on the desired outcome, the board of directors' stated objectives as set forth in the strategic plan.

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## Board of Directors: The Importance of Planning *(part 3 of a series)*

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Strong leadership from informed and engaged boards of directors is an essential element in returning Georgia's financial services industry to a healthy, stable condition. Effective and proactive planning by directors and executives of Georgia's financial institutions, particularly in this period of economic and regulatory uncertainty, is a fundamental leadership responsibility. Boards of directors demonstrate their commitment to principles of sound leadership through active engagement with management in the strategic planning process. Remember, a plan stuffed in a chief executive's drawer and not clearly communicated and engrained into the culture of a financial institution is unlikely to achieve the desired outcome.

## Department Issues Proposed Rulemaking and Provides Opportunity to Comment

On June 28, 2011, pursuant to the provisions of the Georgia Administrative Procedures Act, Official Code of Georgia Annotated (O.C.G.A.) Chapter 50-13 and by authority of O.C.G.A. § 7-1-61, O.C.G.A. § 7-1-663; O.C.G.A. § 7-1-1012, and other cited statutes, the Georgia Department of Banking and Finance (Department) gave notice of its intent to adopt new and amended rules.

The proposed changes are in part responsive to law changes during the 2010 legislative session. Comments to the Department must be received by the close of business **Thursday, July 28, 2011**.

You may view or download the Proposed Rules from our website on the Laws and Regulations page at (<http://dbf.georgia.gov>) or directly from: [http://dbf.georgia.gov/vgn/images/portal/cit\\_1210/3/20172885609DBFProposedRules\\_6-28-2011.pdf](http://dbf.georgia.gov/vgn/images/portal/cit_1210/3/20172885609DBFProposedRules_6-28-2011.pdf)

## Georgia Residential Mortgage Act Fee Reminder

The \$10.00 per loan fees required by O.C.G.A. Section 7-1-1011(b)(2) and Department Rule 80-5-1-.04 are due **no later than September 1, 2011**, for residential mortgage loans closed during the period January 1, 2011, through June 30, 2011. A \$10.00 fee will be due if the loan is a residential mortgage loan as defined in the Georgia Residential Mortgage Act (GRMA), and if a security deed, a modification of a security deed or other form of modification of a security interest is recorded.

Financial institutions, mortgage licensees and registrants that act as the *collecting agent* (including brokers who table fund and collect the fee) must submit the fees and file the fee statement before the deadline to avoid fines.

**GRMA per loan fee reporting / remittance must be completed on-line through the Department's secure website.**

**Reporting is required even if no residential mortgage loans were made and no fees are due.** To avoid fines for failure to report / remit GRMA fees, reporting must be completed by the deadline noted above.

With the on-line payment process, the Department accepts either ACH drafts on a checking account or payments by Visa, MasterCard, AmericanExpress, or DiscoverCard credit cards. Reporting and fee payment must be done online from our secure website at: <https://bkgfin.dbf.state.ga.us/GRMAFee.html>.

## Federal Registration Under the S.A.F.E. Act's Mortgage Loan Originator Provisions



On January 31, 2011, the Nationwide Mortgage Licensing System and Registry (NMLSR) began accepting federal registrations required under the Secure and Fair Enforcement for Mortgage Licensing Act (S.A.F.E. Act).

Under the S.A.F.E. Act and the federal agencies' final rules, residential mortgage loan originators employed by banks, savings associations, credit unions, or Farm Credit System institutions must register with the registry, obtain a unique identifier from the registry, and maintain their registrations. Further information regarding the federal registration process through the NMLSR is available on the registry website: <http://mortgage.nationwidelicencingsystem.org/fedreg/Pages/default.aspx>.

Financial institutions should visit the **"Getting Started: Institutions"** page for an overview and information about the registration process. **Any questions regarding the federal registration process should be directed to the proper federal agency contact as listed at:** <http://mortgage.nationwidelicencingsystem.org/fedreg/Pages/FederalAgencyContacts.aspx>.

In regards to mortgage loan originators employed by banks, savings associations or credit unions, please note that the requirements above are found in federal law and there are no separate/additional requirements in Georgia law or Department rules pertaining to licensing, registration, reporting, etc. In other words, depository financial institutions do not need to contact the Department or provide our agency with any information in regards to the federal registration requirement.

## Statutory Capital Base Definition

As a reminder, [House Bill 239](#) was signed into law by Governor Deal on May 11th, with an effective date of July 1, 2011. Among its provisions was a change in the definition of **"statutory capital base"** for the purpose of simplifying the calculation and eliminating fluctuations as a result of unrealized gains and losses on available-for-sale investment securities. The revised definition set forth in Section 7-1-4(35) of the Financial Institutions Code of Georgia is as follows:

**"Statutory capital base"** means: The sum of the capital stock, paid-in capital, appropriated retained earnings, and capital debt of a bank or trust company less any amount of good will, core deposit intangibles, or other intangible assets related to the purchase, acquisition, or merger of a bank charter; or accumulated deficit (negative retained earnings).



## Action on Applications for the Month of June:

The following is a summary of official action taken on applications by State Financial Institutions under Chapter 7-1 of the Code of Georgia and petitions for Certificate of Incorporation of Financial Institutions and other matters of interest during the month of June 2011.

### **APPLICATIONS TO ESTABLISH A BRANCH OFFICE**

<b><u>FINANCIAL INSTITUTION</u></b>	<b><u>BRANCH OFFICE</u></b>	<b><u>APPROVAL</u></b>	<b><u>BEGIN BUSINESS</u></b>
HeritageBank of the South Albany	Valdosta Inner Perimeter Road Branch Office 3277 Inner Perimeter Road Valdosta, GA 31604 Lowndes County	03-08-2011	06-20-2011
SunTrust Bank Atlanta	Belvedere Square Branch Office 548 E Belvedere Avenue Baltimore, MD 21212	Pending	
SunTrust Bank Atlanta	Avondale Estates Branch Office 3604 Memorial Drive Decatur, GA 30032 DeKalb County	Pending	
SunTrust Bank Atlanta	Historic Springfield Branch Office 1702 N Main Street Jacksonville, FL 32206 Duval County	Pending	
First Intercontinental Bank Doraville	Duluth Assi Branch Office 1630 Pleasant Hill Road Duluth, GA 30096 Gwinnett County	09-14-2009	Withdrawn 06-13-2011
Metro Bank Douglasville	Kennesaw Branch Office 2454 Kennesaw Due West Road Kennesaw, GA 30144 Cobb County	Pending	
American Pride Bank Macon	North Macon Branch Office 4511 Forsyth Road Macon, GA 31210 Bibb County	05-05-2011	06-20-2011
Waycross Bank & Trust Waycross	Midway Square Branch Office 60 Midway Square St. Simons Island, GA 31522 Glynn County	06-01-2011	
Waycross Bank & Trust Waycross	Retreat Village Branch Office 190 Retreat Village Retreat Village Shopping Center St. Simons Island, GA 31522 Glynn County	05-13-2011	06-23-2011

**FINANCIAL INSTITUTION MERGERS****FINANCIAL INSTITUTION****(SURVIVOR)**

The Farmers Bank  
Forsyth, GA

**MERGED INSTITUTION**

The Bank of Perry  
Perry, GA

**APPROVAL**

Pending

**EFFECTIVE**

The Farmers Bank  
Forsyth, GA

The Peoples Bank  
Covington, GA

Pending

The Farmers Bank  
Forsyth, GA

Spivey State Bank  
Swainsboro, GA

Pending

**NOTIFICATION OF APPROVAL OF APPLICATION  
TO SERVE A RESIDENTIAL GROUP COMMON BOND****CREDIT UNION**

Northwest Georgia Credit Union  
Rome

**RESIDENTIAL GROUP COMMON BOND**

Floyd County, GA

**APPROVAL**

06-14-2011

Georgia United Credit Union  
Duluth

Forsyth County, GA

06-14-2011

Georgia's Own Credit Union  
Atlanta

Newton County, GA

06-14-2011

**CHECK CASHER LICENSES ISSUED****CITY**

Conley  
Chamblee  
Gainesville  
Savannah  
Atlanta  
Alma  
Decatur  
Ellijay  
Carrollton  
Fayetteville

**APPLICANT NAME**

BI General Services, Inc.  
Danyal Enterprises, Inc.  
FZ Enterprises, LLC  
Fire Horse, Inc.  
JFS Financial, Inc.  
Jabarian, Inc.  
L & K Spirits, Inc.  
National Title Pawn of Ellijay, Inc.  
\* Pawan Putra Investment Group, Inc.  
Stop N Cash Financial Service Corp

**TRADE NAME**

Exxon Food Shop  
Meeks Grocery  
Harry's Liquorama  
  
Alma Grocery  
Hal's Package  
National Title Pawn  
Stop 'N Shop  
Stop N Cash Check Cashing

\* =Registered (O.C.G.A. 7-1-700 et al)

**MONEY TRANSMITTER LICENSES ISSUED****MONEY TRANSMITTER**

Express Transfer LLC  
Atlanta, GA

**APPROVAL**

06-13-2011

## CUSTOMER SERVICE STARS FOR THE MONTH OF JUNE

It is the Department's goal to provide excellent customer service by meeting and exceeding the expectations of our customers. Along those lines, we would like to recognize the following individuals and/or teams for going above and beyond in serving our customers:

**Applications Analyst Irene Harper** – The Department received comments from a customer stating: "I just wanted to let you know how wonderful it is to work with Ms. Irene Harper. Our company is licensed in over 20 states and she makes it very easy to work with the Georgia Department of Banking and Finance. She is very helpful, patient, kind and knowledgeable. I just want to say kudos to you Ms. Harper, you are awesome, the state of Georgia is lucky to have you!"

**Financial Examiner James Johnson (District 5)** – Examiner James Johnson was on an overnight bank examination in Columbus when the South Georgia fires came dangerously close to his residence. James had to leave Columbus at 9 p.m. to travel home to handle the emergency situation. The hotel had billed him for the full night's stay. After the emergency had subsided, James contacted the hotel to attempt to have the night's charge reduced since he had not utilized the room that evening. James successfully negotiated a partial refund, thus saving the State money.

**CONGRATULATIONS AND GREAT JOB TO THIS MONTH'S  
CUSTOMER SERVICE STARS!!**



**GEORGIA  
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**We're on the Web!**

**Visit our website at:  
[dbf.georgia.gov](http://dbf.georgia.gov)**

The Department is the state agency that regulates and examines banks, credit unions, and trust companies chartered by the State of Georgia. The Department also has regulatory and/or licensing authority over mortgage brokers/processors, lenders and loan originators, money service businesses, international banking organizations, and bank holding companies conducting business in Georgia.

Our **Mission** is to promote safe, sound, competitive financial services in Georgia through innovative, responsive regulation and supervision.

Our **Vision** is to be the best financial services industry regulator in the country – Progressive. Proactive. Service-Oriented.

*Our Motto is: "Safeguarding Georgia's Financial Services"*

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